Government of Saskatchewan

Annual Report 1989-90

Saskatchewan Gaming Commission

For the fiscal year ended March 31, 1990

Minister
Honourable Jack Klein

Annual Report 1989-90 Saskatchewan Gaming Commission

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Letters of Transmittal

Jack Klein
Minister

The Honourable Sylvia O. Fedoruk
Lieutenant Governor of Saskatchewan

May It Please Your Honour:

I have the honor of submitting the first Annual Report of The Saskatchewan Gaming Commission for the year ending March 31, 1990.

Respectfully submitted,

Minister Responsible for the
Saskatchewan Gaming Commission

The Honourable Jack Klein
Minister Responsible for the Saskatchewan Gaming Commission

Sir:

I am pleased to submit the first Annual Report of The Saskatchewan Gaming Commission for the year ending March 31, 1990.

Respectfully submitted,

Wm. F. MacRae
Chairman

Chairman's Report

Wm. F. MacRae
Chairman

Since this is the Commission's first Annual Report I will provide a brief background.

The history of the Saskatchewan Gaming Commission is a short one. In September 1987 the Commission was appointed, following recommendations contained in the Provincial Bingo Enquiry of 1986.

The Commission's early mandate was to review and evaluate current conditions relating to legalized gaming and provide Cabinet with recommendations regarding the future management of these various activities.

The early analysis quickly confirmed the need for controls and licensing management procedures. During these early months a staff was assembled and work was started on drafting new Terms and Conditions along with revised regulations which began the process of quarterly audit and control.

As the Commission developed its operational role, the Corporate identity was established by Order in Council forming the agency as a Crown Corporation on April 1, 1989.

The Saskatchewan Gaming Commission Act was passed Aug. 25, 1989. The Act continued the Commission as a Crown Corporation and provided a legal framework for registration of certain gaming event suppliers and employees of bingo halls and casinos.

During these three years, staff and Commission Members have been actively engaged in seeking out ways and means to become more effective and responsive to the public we serve.

Notwithstanding our efforts thus far, there is a great deal to be done. The next phase of the Commission's agenda includes top emphasis on developing public awareness and assisting the licensees to better manage their various gaming activities. We will develop training and information opportunities designed to maximize the charitable benefits of gaming.

A measure of the dramatic growth in bingo activity serves to illustrate the scope of public gaming. For example, in the year 1982/83, the gross spending on bingo was $4 Million. Just eight years later this gross spending has increased to $109 Million. In the fiscal year ending 1987, and coinciding with the beginning of the Commission, we have seen charity shares increase from 10% of gross to just under 18%. The overall share of charity groups has grown from $34 Million to $41 Million per year.

Wm. F. MacRae

Chairman

Role of the Gaming Commission

The Commission's purpose is to maintain the integrity of all licensed gaming operations and to ensure maximum benefit to Saskatchewan's grassroots charities.

Mission Statement:

The Gaming Commission is dedicated to:

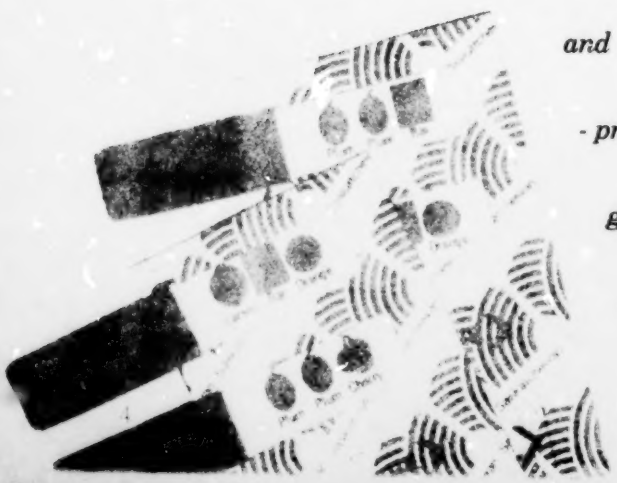
- the guarantee of fair and equitable licensing procedures;

- providing the public with information and assistance in the management of gaming activities;

- review and up-date policies and procedures relating to Gaming control; and

- providing an established hearing process to deal with grievance;

- the concept of service and the duty to act fairly.



Corporate Programs

SASKATCHEWAN GAMING COMMISSION
Board Of Directors

In 1989/90, the Board consisted of eight members who were nominated and appointed through Cabinet. Meetings are held approximately every two weeks and more frequently when conditions warrant. Gaming policies, various licensing concerns, and Commission administration are items addressed at Board meetings. Often, various charity groups or hall owners who are experiencing problems or seeking policy change are granted Hearings before the Board.

Administration Support Services

The Administration and Human Resources section is responsible for various support functions such as finance, revenue, budgeting, expenditure accounting and facility/equipment management. Other responsibilities include human resources, employee relations/contract negotiations, payroll and the communications role for the Commission.

Licensing

In accordance with Section 207 of the Criminal Code, the Gaming Commission is responsible for licensing all lottery schemes in Saskatchewan. The Commission has extended approval for local authorities to issue licences for raffles offering prize values under $ 1,000.

Last year the Commission issued 4,600 licences, for a total of 94,000 gaming events. Each licence application and financial report received must be carefully checked and monitored to ensure proper reporting and compliance with terms and conditions. Reported gross spending from these events totalled $240M. This represents a $3.5M increase in reported gross from the previous year, which can be attributed to increased monitoring and enforcement.

The Commission strives to maintain a high degree of integrity when assessing the legitimacy of groups that apply for licences. The criteria used for determining the charitable nature of a group include: the relief of poverty, education, sports, recreational and cultural, religious or community benefit. The charity's budget must accompany all lottery applications and are reviewed to ensure that they comply with established spending guidelines. When proceeds from licensed fund-raising events are sufficient to accommodate the licensee's budget, they are notified that unless there is a need for revised budgeting, the licence will be discontinued.

Lottery Licence

Saskatchewan Gaming Commission

Licence No

Code

Under authority of the Lottery Provisions and by virtue of Section 207 of the Criminal Code of Canada

Lottery Scheme at

is licensed to manage and conduct a

subject to the terms and conditions as outlined in the regulations and such additional terms and conditions as may be specified hereon

Compliance and Control

The Saskatchewan Gaming Commission Act provides supplementary authority to the Criminal Code and renders a legal framework for licensed gaming in the province. This authority offers statutory conditions under which the Commission guarantees optimum benefit for grassroots charities by discouraging illegal activities. The Commission has set high standards for compliance enforcement procedures through hall inspections, on-site monitoring, audits and investigations of irregularities and complaints which help to ensure maximum game integrity and personal security for players and charity groups. The Commission, working in co-operation with police agencies, has been instrumental in bringing a number of major gaming theft and fraud cases to the court system.

Registration

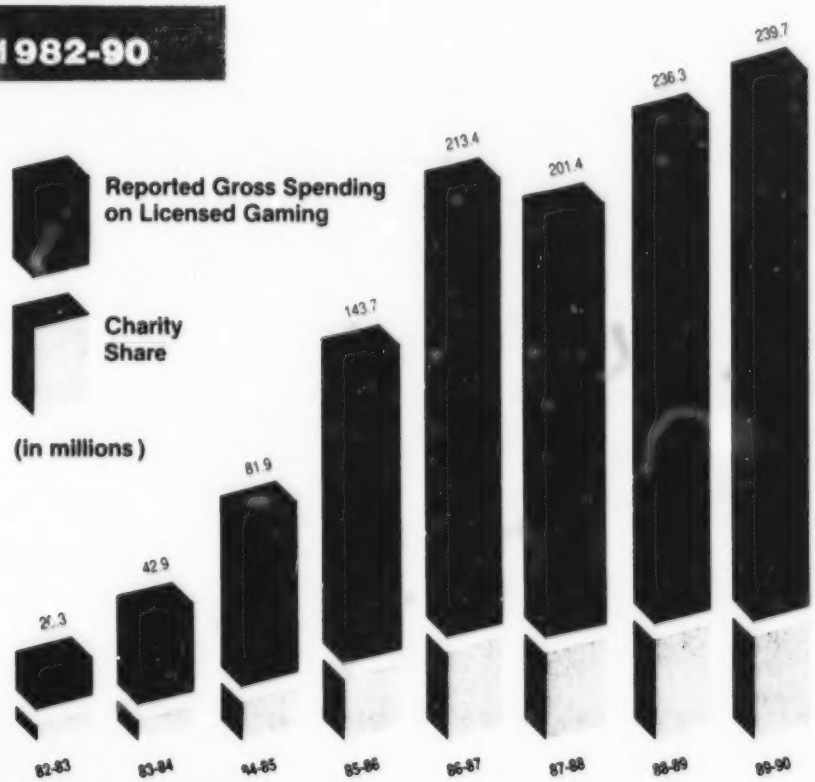
The Registration program was developed during 1989-90 for a target implementation date of July 1, 1990. The Commission has been the first gaming regulatory agency in Canada to introduce the Registration program for all Gaming Employees and Event Suppliers. A careful evaluation of applicants is conducted before registration is granted and once certified, the Commission has the authority to control and monitor activities and, when necessary de-register halls or individuals who are in contravention of specified terms and conditions.

Licensing & Financial Activity

April 1, 1989 - March 31, 1990

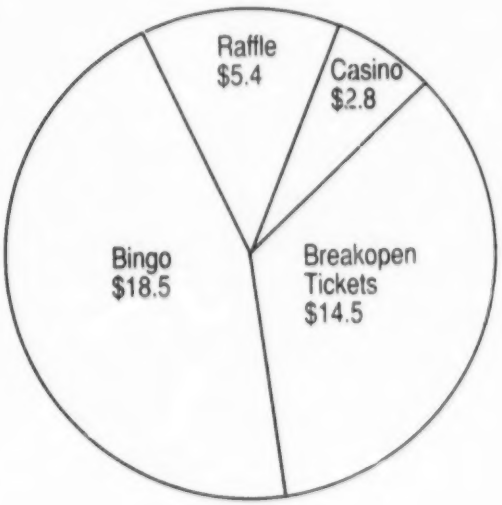
	# Licenses Issued	Fees Calculated (includes Hospital Tax)	Gross Spending	Prizes	Expenses	Charity	Charity Share
Municipal Bingo	349	1,745	-	-	-	-	-
Bingo	1,695	4,900,746	109,380,172	70,096,672	20,753,542	18,529,958	17%
Raffle	587	193,992	12,926,222	5,388,149	2,114,387	5,423,686	42%
Casino	97	462,581	27,863,983	22,002,273	3,019,817	2,841,893	10%
Breakopen	1,900	2,927,494	89,525,375	66,246,740	8,874,788	14,403,847	16%
Total	4,628	8,486,558	239,695,752	163,733,834	34,762,534	41,199,364	17%

Growth from 1982-90



Charities in Saskatchewan

Licensed activities produced $41.2M for Saskatchewan charities.



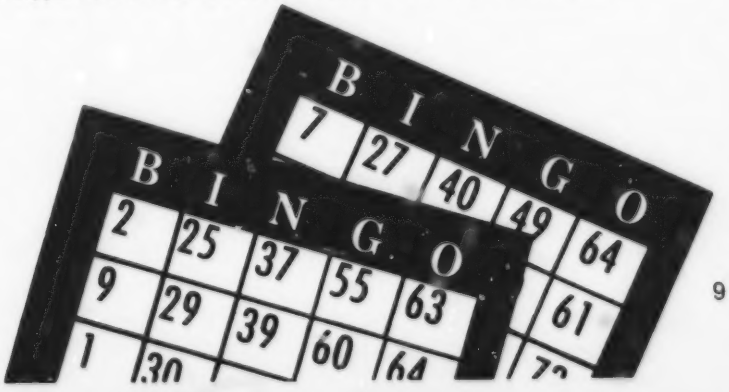
Hotel Breakopen ticket sales earned $1.7 for Saskatchewan Hospitals

Shown in Millions

Through the commitment of hundreds of volunteers, grassroots charities strive towards the betterment of the Saskatchewan way of life and the communities in which we live.

Last year over $41M was raised through licensed gaming to fund and support community services, healthcare, multiculturalism, heritage, recreation, arts and sports in Saskatchewan.

We are proud to be able to support fund raising initiatives that enrich the lives of the Saskatchewan people.



Auditor's Report

To the members of the Legislative Assembly of Saskatchewan

I have examined the balance sheet of the Saskatchewan Gaming Commission as at March 31, 1990, and the statements of revenue, expenditure and accumulated surplus, and equity in fixed assets for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Saskatchewan Gaming Commission as at March 31, 1990, and the results of its operations and the changes in its financial position for the year ended in accordance with the accounting principles enclosed in note 1 to the financial statements.

G.F. Wendel, C.A.

A/Provincial Auditor

Regina, Saskatchewan

September 5, 1990

Balance Sheet

Statement 1

March 31, 1990

ASSETS

Current Assets:	
Due from Consolidated Fund	$ 91,760
Fixed Assets (Note 3)	24,675
	$ 116,435

LIABILITIES AND EQUITY

Equity:	
Accumulated Surplus (Statement 2)	$ 91,760
Equity in fixed assets (Statement 3)	24,675
	$ 116,435

(See accompanying notes)

Statement of Revenue, Expenditure & Accumulated Surplus

Statement 2

For The Year Ended March 31, 1990

Revenue:		
Operating grant - Consolidated Fund		$ 1,489,000
Expenditure:		
Advertising	$ 8,055	
Board Expenses & honoraria	74,354	
Computer, photocopier rental	24,899	
Consultants, contracts	67,307	
Courier & freight	2,489	
Central Vehicle Agency	25,072	
Equipment	24,674	
Postage	20,448	
Printing	14,428	
Registration/association dues	5,039	
Relocation	24,585	
Rent	132,004	
Administration Charges	3,210	
Subscriptions/books	1,404	
Supplies	20,241	
Telephone	40,566	
Travel	43,534	
Wages & Benefits	864,931	
Total		1,397,240
Excess of revenue over expenditure		91,760
Accumulated surplus, beginning of year		—
Accumulated surplus, end of year (Statement 1)		$ 91,760

(See accompanying notes)

Statement of Equity in Fixed Assets

Statement 3

For The Year Ended March 31, 1990

Equity in fixed assets:		
Balance, beginning of year		$ —
Fixed asset additions:		
Transfer from Department of Consumer and Commercial Affairs (Note 3)	$ 1	
Purchases in the year	24,674	
Total additions		24,675
Equity in fixed assets, end of year (Statement 1)		$ 24,675

(See accompanying notes)

Notes to the Financial Statements
For The Year Ended March 31, 1990

1. **Significant Accounting Policies**

   a) **Basis of Accounting**
   On the direction of Treasury Board, the financial statements are prepared using a modified cash basis for a fiscal year commencing on April 1 and ending March 31. Revenues are recorded as received and expenditures are charged to the accounts when payments are made. In addition, revenues received in the 30 days of April in respect of revenue raised up to March 31 of the preceding fiscal year are taken into the revenue of the preceding fiscal year, and payments made during the 30 days of April which are for goods and services received in the preceding year are reported as expenditures of the preceding fiscal year.

   b) **Fixed Assets**
   The fixed assets are charged to expense in the year of acquisition and for accountability purposes then recorded on the balance sheet as both an asset and as equity in fixed assets. In addition, depreciation is not provided for in the accounts.

   The Commission has adopted a policy for the transfer of fixed assets from a Department or other government agency similar to that prescribed for Revolving Funds in the Financial Administration Manual, i.e. such transfers are recorded at the lower of market value or book value of the assets in the transferring Department or agency.

2. **Formation & Commencement of Operations**
   Effective April 1, 1989 the Saskatchewan Gaming Commission was established as a Crown Corporation by Order-In-Council under the authority of the Crown Corporations Act, 1978.

   The Saskatchewan Gaming Commission was continued pursuant to The Saskatchewan Gaming Commission Act which was assented to August 25, 1989 and was subsequently proclaimed July 3, 1990.

3. **Fixed Assets**
   Fixed assets are comprised of the following amounts:

- office equipment and furniture transferred to the Saskatchewan Gaming Commission from the Department of Consumer and Commercial Affairs at the Department's net book value.	$ 1
- office equipment and furniture acquired in current period at cost.	24, 674
	$ 24,675

4. **Net Revenue Collected on Behalf of the Minister of Finance**

Treasury Board has issued a directive indicating all revenues collected pursuant to the Lottery Licensing Provisions, 1988, are to be regarded as direct revenues to the Consolidated Fund. The Commission acts as the assessment and collection agent for these Consolidated Fund revenues. During 1989-90 the Commission administered the assessment and collection of the following revenues which were deposited directly to the credit of the Consolidated Fund.

License fees collected and transferred to the Consolidated Fund:	$ 3,068,994
Hospitals tax collected on behalf of the Consolidated Fund (July 1, 1989 to November 17, 1989):	5,459,788
Total	$ 8,528,782

Pursuant to The Hospitals Tax Act and The Hospitals Tax Regulations, the hospital tax was collected commencing July 1, 1989. The Hospitals Tax Exemption Regulations discontinued the tax effective November 18, 1989. This hospital tax was collected by the Commission on behalf of the Consolidated Fund.

5. **Related Parties**

Included in these financial statements are expenses resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan crown controlled departments, agencies and corporations with which the Commission is related.

Account balances resulting from these transactions are included in the balance sheet and are settled on normal trade terms. Other amounts due to (from) related parties and the terms of settlement are described separately in the financial statements and the notes thereto.

6. **Due from Consolidated Fund**

The Commission does not operate its own bank account. All receipts and disbursements flow through the Consolidated Fund Bank Account. The amount due from the Consolidated Fund at year end represents the excess of the operating grant paid to the Commission over expenditures made by the Commission and represents monies in the Consolidated Fund which are held on behalf of the Commission.